

Testimony before the Senate Taxation Committee, February 10, 2009
SB 301 – Tax Credit for Alternative Energy Capital Investment

Chairman Essman and members of the Committee: My name is Russ Forba and I've been a Jefferson County resident for 23 years. I'm here to support this bill which raises the state tax credit for non-fossil fuel forms of energy from \$500 - \$2500 as it applies to residential photovoltaic (solar panels) installation.

The State of Montana and the Schweitzer administration has been very vocal that Montana should be the "energy state" giving support to installation of electric transmission lines, development of our coal resources, including coal to fuel, and development of the commercial wind electric generation industry. I strongly support these industries and believe development of our coal and wind resources are key in reducing our dependence on foreign energy sources and having balanced economic growth in our state. The one area, however, where Montana lags behind other states is the development of our solar resources even though we have very good solar potential. If we truly want to be known as the "energy state" and have a balanced approach to energy development, we need to be aggressive in our support of solar as well as coal and wind. Solar is different than coal and commercial wind industries in that it is a decentralized industry with home owners and businesses installing the vast majority of the generating capacity.

Effective January 1st of this year, the federal government increased the residential solar tax credit to 30% of the installed price with no upper limit. This federal tax credit is already causing a boom in solar installation in many western states. All of these states also have significant state tax credit or rebate systems which contribute significantly toward their thriving solar businesses. I understand that the Report titled "Economic Impacts of Oregon Energy Tax Credit Programs in 2006" was forwarded to the Senate Taxation Committee. The study indicates their tax credit programs resulted in more good-paying jobs, income to state residents and income taxes paid to the state. Currently, Montana has a very limited tax credit for solar installation and I believe that this bill will spur the growth of this industry and allow Montanans to take advantage of the 30% federal tax credit. This increase in jobs and the use of the federal tax credit by Montanans will generate increased state taxes, a point which is not reflected in this bill's fiscal note. I believe that many Montanans would take advantage of the new federal tax credit if the state tax credit was increased. A tax credit of 15-20% of the installed price, which this bill allows, would spur the growth of the solar industry and generate jobs and additional tax revenue in Montana just as it has in other states.

The last point I would like to make is that increasing the solar tax credit is the fair thing to do for homeowners and small businesses. As you are well aware, the electricity market was deregulated by the 1997 legislature. Since that time, electric prices have gone up significantly. Currently, homeowners feel that they have little influence on electricity rate increases. An increase in the state tax credit, along with the federal tax credit, would allow a reasonable return on a homeowner's investment in their home. It would provide an alternative to buying power at an ever increasing price. People aren't asking for an independent rebate system under this bill, only that they are allowed to keep their hard earned money, invest it in their home and gain some control of their power bills. I have installed a small solar system on my property and I have been impressed with the reliability of the system. However, at this point in time, the cost of expanding this system is not very affordable. This bill would allow me, and other homeowners and businesses, to take some control of our power costs.

Thank you. If you have questions, I can be reached at 443-0792 or jforba@bresnan.net.